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SUBJECT: YATSENYUK CLAIMS HE HAS FORTY FROM OU-PSD FOR NEW
REGIONS-LED COALITION

Classified By: Ambassador John F. Tefft for reasons 1.4 (b/d).

Summary

1. (C) Former presidential candidate Arseniy Yatsenyuk told the Ambassador February 17 that he has forty Our Ukraine - People's Self Defense (OU-PSD) MPs who would be willing to take down PM Tymoshenko's coalition and join a new coalition with Yanukovych's Party of Regions. He intimated that he would receive the PM job in exchange. Members of OU-PSD and the Tymoshenko Bloc (BYuT) continue to tell us that a new coalition is far from guaranteed. People close to Yanukovych are, however, optimistic it will come together the week after Yanukovych's February 25 inauguration. Gone are Yatsenyuk's boastful declarations that he would become "an opposition leader to reckon with." End Summary.

New Coalition: Yatsenyuk as PM?

2. (C) Former presidential candidate Arseniy Yatsenyuk told the Ambassador February 17 that he has forty members (out of 72) of the Our Ukraine - People's Self Defense (OU-PSD) parliamentary faction ready to form a new coalition with Party of Regions (Regions) MPs. Under rules of coalition formation, this majority of OU-PSD deputies would deliver the entire faction count (72) to the coalition calculation. The defection of a majority of OU-PSD would thus take down the Tymoshenko government.

3. (C) When asked if one of the conditions for forming the coalition would be for him to serve as PM, Yatsenyuk told us that his group of MPs would not put him forward for the position (due to their own egos and arrogance). However they would support him if Yanukovych nominated him. He added that he would not ask Yanukovych to be appointed; rather, Yanukovych would have to offer him the position and agree to his reform plan.

4. (C) Ridding Ukraine of oligarchic control tops his conditions for becoming PM, Yatsenyuk said. Second, the Regions-OU/PSD government must agree to pass an unpopular but necessary budget. Third, Ukraine must increase its tariffs. Finally, domestic and foreign debt must be audited and the debts for state enterprises such as Naftohaz and the rail, nuclear energy and road construction companies must be restructured.

5. (C) According to Yatsenyuk, Yanukovych understands that he needs a PM who represents the electorate in Western and Central Ukraine in order to unify the country. Yanukovych will wait until after his February 25 inauguration to form the new parliamentary coalition.

Tymoshenko Expected Moscow to Save Her

6. (C) According to Yatsenyuk, Tymoshenko spent the week

after the election trying to call in her remaining chips with the Russians to get them to pressure Yanukovych into agreeing to a "grand coalition" with Bloc Yuliya Tymoshenko (BYuT). However, "no one, not Putin, not Medvedev, can keep her in the premiership now," Yatsenyuk declared. Tymoshenko apparently believed that Putin was obligated to help her because of the gas deal she signed, and she was ready to call him but was talked out of it by her closest advisors. The visit to Kyiv last week of Medvedev's Chief of Staff, Sergey Naryshkin, and Regions' seemingly unsolicited public statements rejecting a coalition with BYuT, were indicators of the behind-the-scenes maneuvering, Yatsenyuk maintained.

Fear of Early Elections Motivating Factor

¶7. (C) Yatsenyuk indicated that the threat of early parliamentary elections is motivating current MPs among the Lytvyn Bloc, the Communists and OU-PSD, most of whom would likely lose their seats in such elections, to negotiate with Yanukovych about a new coalition. On the flip side, Tymoshenko, too, is "scared to death" of early elections, Yatsenyuk claimed, and is working to keep her coalition intact in order to regain popular support by operating as the leader of a viable opposition. She, however, gave up her seat in parliament to become PM and, according to Yatsenyuk, will have a very difficult time trying to run things from the outside.

BYuT, OU-PSD MPs: What Coalition?

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¶8. (C) Notwithstanding Yatsenyuk's claim to lead a bloc of forty MPs ready for a coalition, OU-PSD MP Mykola Katerynychuk told us February 18 that there does not currently exist a majority of his faction ready to defect and join a new coalition. He rejected the idea that more could be enticed to join if the premiership were offered to someone from their ranks. Specifically regarding Yatsenyuk, Katerynychuk told us that many faction members recall how, after they made him Rada Speaker in 2006, he stopped talking to them and failed to represent their interests. "We will not make that mistake again," he averred. He did believe, however, that Yanukovych would succeed in dissolving the Rada and calling early parliamentary elections.

¶9. (C) BYuT MP Andriy Shevchenko, a Tymoshenko insider, also doubted that Regions would be able to form a new coalition with OU-PSD. He was convinced that Regions would not give the premiership to someone from another party and, therefore, OU-PSD MPs would not agree to dissolve the existing coalition. Shevchenko could envision, however, Regions promising the premiership to them to break the coalition and then reneging on the promise after a new coalition was formed. He rejected the claim that Tymoshenko is afraid of early elections -- "How else would she return to Parliament and lead the opposition?" Rather it is Regions that is afraid because early elections would bring into the Rada new players from Yatsenyuk's and Tihipko's parties.

¶10. (C) Shevchenko anticipated that Yanukovych would successfully dissolve the Tymoshenko government after the inauguration through a no-confidence vote ("She will never resign"). The Rada would then have sixty days to nominate a new PM, which Shevchenko did not think possible, after which Yanukovych would call early parliamentary elections.

Regions Insiders: 90% Certain of New Coalition

¶11. (C) Sources close to Yanukovych have told us that they were confident Regions would form a new parliamentary coalition with OU-PSD MPs the week after Yanukovych's inauguration. They also confirmed that Yatsenyuk was

currently the "top choice" for the premiership. Yanukovych's Chief of Staff, Serhiy Lyovochkyn, told the Ambassador on February 18 that he thought such a coalition was close to 90% certain. He added that Yatsenyuk was a likely choice for PM because "he is an OU-PSD MP who can deliver the coalition, and he is weaker than Serhiy Tihipko."

Comment

¶12. (C) The contrast between "Yatsenyuk the candidate" and "Yatsenyuk the potential Prime Minister" was striking, given his earlier declarations that he would not accept a position in a Tymoshenko or Yanukovych government. Gone too was his bravado about being a formidable opposition leader who would make Yanukovych miss Tymoshenko. We are reminded of comments Yatsenyuk made to us last year about politics being fundamentally about "getting the best deal you can." Coalition talks continue in earnest; the matter will ultimately be decided by whether Regions can convince a majority of the notoriously fractious OU-PSD to "put up" with a new Region-led coalition, and thus keep their Rada seats a little longer, or "shut up" and risk losing it all in pre-term parliamentary elections.

TEFFT